

Message Text

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E.O. 11652: N/A

TAGS: EINV, PFOR, CGEN, NI

SUBJECT: ALLEGED CURBS ON RESIDENCE OF FOREIGN BUSINESSMEN

REF: (A) STATE 196649 (NOTAL) (B) LAGOS 8863 AND PREVIOUS (NOTAL)

1. BACKGROUND: REF A QUERIED JULY 13 WALL STREET JOURNAL ARTICLE QUOTING NIGERIAN AUTHORITIES AS SAYING THEY HAVE DECIDED TO LIMIT FREEDOM OF RESIDENCE OF FOREIGN (WESTERN) BUSINESSMEN TO TOP OFFICIALS, ALLOWING LESSER LIGHTS ONLY TEMPORARY RESIDENCE TO FORCE THEIR REPLACEMENT BY NIGERIANS.

2. ARTICLE MAY BE BASED ON UTTERANCES OF INTERNAL AFFAIRS MINISTER U.A. SHINKAFI SINCE JUNE 29 ANNOUNCEMENT OF ACCELERATED INDIGENIZATION OF COMMERCE AND MOST MAJOR INDUSTRIES, WHICH ARE TO BE AT LEAST 60 PERCENT NIGERIAN-OWNED AND MANAGED BY 1979, ALTHOUGH DEADLINE FOR BANKING INDIGENIZATION IS SEPTEMBER 30 THIS YEAR. DURING ROUND OF PUBLICIZED VISITS TO AFFECTED FIRMS, SHINKAFI QUOTED AS SAYING INDIGENIZED FIRMS MUST BE MANAGED AS WELL AS OWNED BY NIGERIANS, EXPATRIATES MUST EVENTUALLY BE LIMITED TO CHIEF EXECUTIVE AND MANAGING DIRECTOR, AND, FINALLY, THAT FMG WILL INSIST THAT SALES, MARKETING AND PERSONNEL DEPARTMENTS OF ALL FOREIGN-OWNED COMPANIES BE NIGERIANIZED (LAGOS 8160 JULY 15).

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3. EMBASSY UNAWARE OF ANY OFFICIAL STATEMENT PROMISING

BLANKET LIMITATION OF RESIDENCE PERMITS TO TOP BUSINESS OFFICIALS. EVEN IF HE INTENDED HIS STATEMENTS TO BE TAKEN LITERALLY. SHINKAFI HAS REMAINED LONE VOICE; OTHER OFFICIALS SPEAKING PRIVATELY AND PUBLICLY HAVE STRESSED THAT NIGERIA STILL WANTS AND NEEDS FOREIGN CAPITAL AND EXPERTISE. IN FORMAL POLICY STATEMENT JULY 23 TO DIPLOMATIC CORPS (LAGOS 8539), FOREIGN MINISTER GARBA SAID QTE I SAY VERY CLEARLY ONCE AGAIN THAT IT IS NOT OUR INTENTION OR POLICY TO DRIVE AWAY FOREIGN MANAGEMENT; INDEED, WE WANT FOREIGN MANAGEMENT TO BE FULLY INVOLVED AS BEFORE IN ENTERPRISES OPERATING IN NIGERIA, ESPECIALLY IN THOSE AREA WHERE WE DO NOT HAVE THE REQUISITE EXPERTISE UNQTE.

4. LIKE OTHER COUNTRIES, AND WELL BEFORE NEW INDIGENIZATION POLICY ANNOUNCED, FMG UTILIZED FOREIGN FIRMS' "EXPATRIATE QUOTA" TO ENCOURAGE MAXIMUM USE OF NIGERIANS. APPLICATION VARIES FROM INDUSTRY TO INDUSTRY AND COMPANY TO COMPANY. CAHILL

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